

CITY OF MILWAUKEE
DEFERRED COMPENSATION BOARD
ADMINISTRATIVE RULES

MISSION STATEMENT:

To facilitate and help City of Milwaukee employees save assets adequate and appropriate to enable City employees to retire at the desired time, to retire with dignity, and to enjoy sufficient income throughout retirement.

DEFINITIONS:

ACCOUNTS refers to Plan Portfolios and SVA AMEA, AMIA, PMIEA, PMUSEA, SCBA

ACCUM refers to the Accumulator Portfolio

AGGR refers to the Aggressive Portfolio

AMEA refers to the Actively Managed Equity Account

AMIA refers to the Actively Managed Income Account

Board refers to the City of Milwaukee Deferred Compensation Board

CEC refers to the Communication and Education Committee

City refers to the City of Milwaukee

CONS refers to the Conservative Portfolio

Executive Director refers to the Executive Director – Deferred Compensation Board

EFC refers to the Executive Finance Committee

Investment Advisor refers to the Investment Advisor selected by the Board

PC refers to the Personnel Committee

Plan refers to the City of Milwaukee Deferred Compensation Plan

PMIEA refers to the Passively Managed International Equity Account

PMUSEA refers to the Passively Managed U.S. Equity Account

SCBA refers to the Socially Conscious Balanced Account

SDBO refers to the Self Directed Brokerage Option

Portfolios refers to; ACCUM, AGGR, CONS, WLTH

SVA refers to Stable Value Account

TPA refers to the Plan's Third Party Administrator (Administrator/Enroller)

WLTH refers to the Wealth Builder Portfolio

I. GENERAL

1. The Board shall conduct an election at the first meeting of each year to elect a Chairperson and Vice-Chairperson of the Board to serve a calendar year.
2. The Deferred Compensation Board shall be comprised of the following 11 members: The Mayor, Chairperson of the Common Council's Finance and Personnel Committee, City Attorney, City Comptroller, City Treasurer, Director of Employee Relations, Executive Director of the Employees' Retirement System, one member receiving a service retirement allowance from the Employees' Retirement System appointed by the Common Council President for a term of two years, two City employees appointed by the Mayor for a term of two years and one City employee appointed by the Common Council President for a term of two years. The Mayor, Chairperson of the Finance and Personnel Committee of the Common Council, City Attorney, City Comptroller, City Treasurer, Employee Relations Director, and Employees' Retirement System Director shall designate in writing an alternate to serve on the Board in the absence of the principals.
3. The Executive Director shall serve as Secretary to the Board and be responsible for the preparation and distribution of Board meeting agendas and meeting minutes.
4. Regular meetings of the Board shall be scheduled by the Executive Director quarterly, on the third Thursday of the second month following the end of each quarter and presented to the Board for adoption at its last meeting of the calendar year. Regular meetings of the Board shall not be rescheduled, unless a majority of the Board votes to reschedule a specific meeting. Special meetings of the Board may be held at the call of the Board Chairperson as deemed appropriate and necessary. In addition, a special meeting of the Board may be called at the request of any three Board members. The Executive Director shall be responsible for coordinating the scheduling of all special meetings of the Board.
5. The Executive Director shall review and approve all forms used to carry out the functions of employee participation and other allied aspects of the Plan. In addition, the Executive Director shall review and approve all communications to Plan members, regardless of the source or author of the communication, and assure that each Board member receives a copy of each such communication prior to distribution to Plan members.
6. Under the agreement between the City and the TPA, the Board must authorize all initial disbursements (annuitizations, lump sums or periodic payments) to participants and beneficiaries in accordance with the Board's operating procedures. On a quarterly basis, the TPA will submit for Board approval a list of beneficiaries and participants set to receive their respective initial disbursement amounts. Individuals wishing to receive payment at an address other than that indicated on the joinder agreement will be required to submit a change of address

form. Copies of the approved change in address form would be transmitted to the TPA.

7. The Executive Director may authorize payouts up to 90 days, if required, for emergency withdrawals, lump sum payouts or retiree monthly payouts, subject to ratification of the Board.
8. The Investment Advisor shall make a recommendation on how to vote any non-routine proxy proposal that increases fees or changes the investment advisor, administrator, or custodian of a mutual fund utilized by the Plan.
9. The Executive Director is authorized to act on the recommendations of the Investment Advisor and vote non-routine proxy proposals. All non-routine proxy votes shall be recorded and reported by the Executive Director to the Board.
10. On all routine proxy proposals, the Executive Director shall vote with the investment funds' management. All routine proxy votes shall be recorded and kept on file by the Executive Director.
11. All Board members, Plan participants, and other interested parties must submit all items requiring discussion at a public meeting to the Executive Director 72 hours prior to that public meeting for proper notification.
12. The Executive Director shall be responsible for the day to day operations of the Plan and shall report quarterly to the Board on Plan administration operations.
13. The Board shall conduct its meetings under the provisions of Robert's Rules of Order. However, a motion shall not require a second. A majority vote carries a motion.
14. The Executive Director shall provide each Board member with a meeting agenda and all relevant materials related to the agenda no later than three working days prior to a scheduled meeting of the Board.
15. Subject to available funds, each Board member, and the Board's Executive Director, shall be authorized to travel to no more than one convention per year. To be eligible, a convention program shall bear a direct relationship to the operation of the Deferred Compensation Plan. Requests for travel shall be submitted to the Chairman of the Deferred Compensation Board, who shall approve the deferred compensation travel requests as being necessary in the plan's best interest.
16. Exceptions to this policy shall be reviewed and evaluated by the Chair on a case by case basis. Exceptions may be approved if they are in the plan's best interest.

17. All Board Members are expected to complete at least one continuing education session annually. To facilitate this expectation, the Board will schedule at least one continuing education session each year. The Board will schedule and notice such education sessions at least two months in advance; the Board will make education session materials available to members electronically and/or will post materials to the Plan's website whenever possible. Education opportunities provided by third-parties (e.g., conferences) may satisfy the annual continuing education expectation (see Rule 1, Item 15 above). Each Board member will be expected to certify their attendance at an education session (including the length and topic of the session) each year to the Executive Director (this may be done in any format, including via electronic mail).

II. EXECUTIVE FINANCE COMMITTEE (EFC)

1. The EFC shall be a permanent committee, comprised of the City Attorney, City Comptroller, City Treasurer, and two Board members appointed by the Board Chairperson. Only permanent and officially appointed members may vote.
2. The EFC shall conduct an election at its first meeting subsequent to the first Board meeting of the year to elect a Chairperson and Vice-Chairperson of the EFC to serve a calendar year.
3. The EFC shall meet at least once each quarter no later than five business days prior to the quarterly Board meeting. A schedule of meetings for the next calendar year shall be adopted by the EFC at its last meeting of the calendar year. Regular meetings of the EFC shall not be rescheduled, unless a majority of the EFC votes to reschedule a specific meeting. Additional meetings of the EFC may be held at the call of the EFC Chairperson as deemed appropriate and necessary. The Executive Director shall be responsible for coordinating the scheduling of all meetings of the EFC.
4. The EFC shall serve as the working committee of the Board, making recommendations to the Board on those matters referred to it by the Board, or brought to its attention. The Board may delegate full authority to the EFC to complete tasks, without bringing such matters back to the Board. In such cases, the Board minutes shall contain the reasons for such delegation. This authority extends to matters of administrative execution and not matters of policy. The Board may delegate exclusive authority to the EFC to negotiate contracts with the advice and approval of the City Attorney.
5. The EFC shall review and approve changes in mutual fund selection and use of the Plan's investment Accounts and Portfolios within the Board approved Universe of Funds. The only exceptions will be with the Actively Managed Equity Account and the Actively Managed Income Account, where the

Investment Advisor has discretion to select funds and allocate assets within the Investment Guidelines.

6. The Chairperson of the EFC, or in his or her absence, the Vice-Chairperson shall report to the Board quarterly on the committee's activities.
7. The EFC shall conduct its meeting under the provisions of Robert's Rules of Order. However, a motion shall not require a second. A majority vote carries a motion.
8. The Executive Director shall provide each Board member with an EFC meeting agenda and all relevant materials related to the EFC agenda no later than three working days prior to a scheduled meeting of the EFC.

III. COMMUNICATION AND EDUCATION COMMITTEE (CEC)

1. The CEC shall be a permanent committee, comprised of five Board members appointed by the Board Chair. Only permanent and officially appointed members may vote.
2. The CEC shall conduct an election at its first meeting subsequent to the first Board meeting of the year to elect a Chairperson and Vice-Chairperson of the CEC to serve a calendar year.
3. The CEC shall meet at least once each quarter no later than five business days prior to the quarterly Board meeting. A schedule of meetings for the next calendar year shall be adopted by the CEC at its last meeting of the calendar year. Regular meetings of the CEC shall not be rescheduled, unless a majority of the CEC votes to reschedule a specific meeting. Additional meetings of the CEC may be held at the call of the CEC Chairperson as deemed appropriate and necessary. The Executive Director shall be responsible for coordinating the scheduling of all meetings of the CEC.
4. The CEC shall report to the Board and make recommendations regarding Plan communication and education strategies to:
 - A. Assuring that participants understand the Plan and its investment options;
 - B. Providing participants with education regarding financial topics to be determined at the CEC's discretion and as approved by the Board, independently or in conjunction with similar efforts by other City departments, City programs, or the City of Milwaukee Employees' Retirement System, if any.

C. Educating Board members on their fiduciary responsibilities.

IV. **PERSONNEL COMMITTEE (PC)**

1. The PC shall be a permanent committee, comprised of the following five Board members: Board Chair, Director of Employee Relations, Chairperson of the Common Council's Finance and Personnel Committee, the City Attorney, and the EFC Chair. If necessary, one or additional Board members shall be appointed to the PC by the Board Chairperson (i.e., if an *ex officio* PC member elects not to serve on the PC or if an *ex officio* member is also the EFC Chair), so that total number of PC members equals five. Only permanent and officially appointed members may vote.
2. The PC shall conduct an election at its first meeting subsequent to the first Board meeting of the year to elect a Chairperson and Vice-Chairperson of the PC to serve a calendar year. The Chair of the PC shall appoint a Secretary to serve a calendar year.
3. During the calendar year 2015, the PC shall meet at least once each quarter no later than five business days prior to the quarterly Board meeting. Additional meetings of the PC may be held in 2015 at the call of the PC Chairperson as deemed appropriate and necessary. Beginning in the calendar year 2016, the PC shall meet at least twice per year at the call of the PC Chairperson. The Executive Director shall be responsible for coordinating the scheduling of all meetings of the PC.
4. The PC shall report to the Board and shall be responsible for:
 - A. Setting staff performance standards.
 - B. Monitoring staff performance by, for example, collecting information from relevant sources, including Board members and Plan vendors.
 - C. Providing staff members with a performance review and the opportunity to provide feedback regarding that review.
 - D. Documenting staff performance reviews and maintaining the records and files of the PC.
 - E. Taking disciplinary action where necessary.
 - F. Addressing any other personnel management issues that may arise.

V. PAYROLL REDUCTION PROCESSING

Deferred compensation deductions shall be the last check off item in the priority table of payroll deductions. All such payroll reductions shall be processed according to the Board's operating procedures.

VI. ENROLLMENT AND CUSTOMER SERVICE

1. Employees shall select from products approved by the Board within the available investment categories provided for under the Master Agreement, Section 7 (c) Investment Options.
 - A. The Plan is offering the SDBO to its Participant(s) as an additional Investment Option, provided the Participant(s) has been advised of the Board's disclaimer of responsibility of overseeing and monitoring the investments in the SDBO account and the Participant has received, read and acknowledged the disclaimer in writing before making a personal decision to enroll in the SDBO investment option.
 - B. Employee and/or Plan Participants who select to enroll in a Self Directed Brokerage Option Account (SDBO) when their MDCP core account has attained at least a Thousand Dollars (\$1,000) or more, must retain a \$500 minimum balance in the MDCP core account.
 - C. Once a Plan Participant has established a SDBO, participant shall only invest in the SDBO as an exchange from their MDCP core holdings and that initial switch into the Self-Directed Brokerage Option must be at least \$500. A Plan Participant under age 59½ with roll-in funds in their core account may move their roll-in account funds or their 457 account funds to the SDBO but, not both.
2. Participating employees will be permitted to change the direction of future deductions among available investment options once per business day, per Plan Account or Plan Portfolio. Such changes will be processed in accordance with the Board's operating procedures. These changes will not preclude a participating employee from exercising rights under Section 5(a) of the Master Agreement. Changes in amount of compensation to be deferred will be processed on a biweekly basis in line with the City's payroll processing.
3. A Plan participant has the right to transfer fund balances between Accounts and/or Portfolios in accordance with the Board's operating procedures. One transfer, per fund, each business day is permitted.

4. The Board shall require that each employee participating in the Plan acknowledge, in writing, an understanding of the current interpretation of how money may be withdrawn under the emergency withdrawal provision.
5. If a City employee, who is a member of the City's Deferred Compensation Plan, is granted a leave of absence or is furloughed or laid off, he or she shall be considered as continuing as a member in the Plan and consequently be ineligible to receive return of money held in his or her name until rights, which the employee has to be recalled to any position of City employment cease, or until such time as the employee terminates such rights by notice or action inconsistent with the employee's status.
6. A separate joinder agreement may be filed by each Plan participant for each insurance carrier (American United Life Insurance Company and Security First Life Insurance Company (formally Capitol Life Insurance Company) offering investment options prior to September 3, 1987 and the new Plan effective September 3, 1987.
7. The TPA shall not release any Plan participant's account information to anyone other than the Plan participant without a signed release form.
8. The TPA must maintain individual participant records beginning the date of the first deferral for a period of six years following the date that the participant account balance reaches zero dollars and zero cents.
9. The TPA shall be authorized to transfer to the Plan participant records six years and one day following the date that the participant account balance reaches zero dollars and zero cents. The Plan may dispose of participant records per the City Record Retention Schedule.
10. The Plan and the TPA shall undertake all reasonable efforts to ensure that the TPA is the first point of contact for all routine participant inquiries, including [but not limited to] inquiries regarding member contributions, member withdrawals, deferral changes, allocation changes, address changes, beneficiary changes, plan loans, and hardship withdrawals.

VII. DISBURSEMENTS

1. A Plan participant with monies in more than one Account or Portfolio who chooses any approved distribution option or any combination of the options will be paid in the following manner: first from the account specified in election followed by the next account with available funds. Universal selecting order for withdrawals is SVA, AMIA, SCBA, PMUSEA, PMIEA, AMEA, SDBO and

thereafter the Model Portfolios in the order of the magnitude of their risk from the least risky to the most risky. Within the Model Portfolios themselves, the respective constituent accounts shall be debited in accordance with the hierarchy above.

2. A Plan participant's recurring distributions shall be calculated using a 4% annual assumed interest rate unless the participant selects to use no assumed interest rate. The Participant's recurring distributions will be recalculated annually to reflect actual investment return on participant's account.
3. All requests for emergency withdrawals shall be processed through the TPA. The TPA shall assemble and forward to the Executive Director for final disposition all of the required substantiating documentation together with a recommendation to the Board for approval or denial of the request.
4. The TPA shall inform employees requesting emergency withdrawals when the Board will hear a recommendation for denial so that they may personally appear at that meeting.
5. The TPA shall not accept or process any Plan participant's request for a refund of his or her deferred contributions without the express written authorization of the Executive Director who shall consult with the City Comptroller prior to granting such authorization.

VIII. PLAN ADMINISTRATION FEES

1. An annual charge of \$20.00 will be assessed on all Plan participants who have an investment account balance in the SVA, AMIA, SCBA, PMUSEA, PMIEA, AMEA, SDBO, or Portfolios to recover the City's expenses incurred in the administration of the Plan. TPA is authorized and directed to assess this annual charge no later than January 15 of each year commencing in 1995.

Additionally, to recover the cost of Plan operations, a monthly fee may be charged on each Plan participant's total investment account balance in the SVA, AMIA, SCBA, PMUSEA, PMIEA, AMEA, or SDBO, effective January 1, 1995, as approved by the Board in accordance with the Board's operating procedures. There are no additional charges for the portfolios; all fees are incurred and charged at the Plan account level.

2. Effective January 1996, a 25 basis points fee shall be assessed annually in January on each Plan participant's total investment account balance with the American United Life Insurance Company and the Security First Life Insurance Company (formally Capitol Life Insurance Company) to recover the City's expenses

incurred in the administration of the Plan in accordance with the Board's operating procedures.

3. All Plan management and administrative fees shall be approved by the Board and be charged against investment account balances in accordance with the Board's operating procedures, except when it is contemplated as a one-time event, in which case the allocation shall be approved by the Board.
4. A Plan participant who is a public safety officer and has separated from service with the City due to disability or the attainment of normal retirement age, and is entitled to service retirement or disability retirement may elect to use their 457(b) disbursement payments to pay the premiums for coverage of qualified health insurance provider premiums, accidental insurance or long-term care insurance contracts for the retired public safety officer and his or her spouse and dependents. The participant shall fill out a payout form to direct the TPA. The TPA shall pay the premiums needed for the benefit directly to the provider of the accident or health insurance plan or qualified long-term care insurance listed by the participant. The annual amount to be paid from the participant's account shall not exceed the three thousand dollar (\$3,000) limit set by the Internal Revenue Code. Funds rolled in from 401(k) and 403(b) plans are also eligible to use for withdrawals to pay insurance premiums. Any administrative costs from the TPA will be charged directly to the participant who utilizes this benefit. A 1099 form will be supplied annually by the TPA. If a provision has been made to have the premium paid through the Milwaukee Employees' Retirement System, the participant is not eligible to use Deferred Compensation funds.

IX. DOMESTIC RELATIONS ORDER ACCOUNT DIVISIONS

1. When the TPA receives a judgment, decree or order ("Order") issued by a court pursuant to a domestic relations law of any state or territory of the United States, the TPA shall adhere to the procedures and requirements set forth in section 2 and 3 of this Rule in determining whether it is a valid Domestic Relations Order.
 - A. The TPA shall promptly notify the Participant and Alternate Payee of the receipt of the Order and the Plan's procedures for determining the status of the Order, and
 - B. Within a reasonable time, the TPA will follow the procedures set forth in section 2 hereof to determine whether the Order meets the requirements of a valid Domestic Relations Order and will notify the Participant and Alternate Payee of such determination.

2. A Domestic Relations Order is a judgment, decree, or order issued by a court pursuant to a domestic relations law of any state or territory of the United States that conforms with this Article as determined by the TPA and the provisions of 26 USC §414(p) applicable to a governmental plan and does all of the following:
 - A. Relates to a marriage that terminated after May 19, 2011 with respect to Options 1 and 2 in Section 3 below, or relates to a marriage that terminated on or after June 13, 2013 with respect to Option 3 in Section 3 below.
 - B. Assigns all or part of a Participant's accumulated assets held in the Plan to one or more persons known as "Alternate Payees." A person may be an Alternate Payee if the Participant is both required to satisfy a marital property or family support obligation to the person under both the applicable law and the court's judgment, decree or order terminating the marriage, and the person is one of the following:
 - (i) The Participant's spouse, but only in the event the action terminating the marriage is a court-ordered, legal separation which includes a final property division.
 - (ii) The Participant's former spouse of the marriage terminated by the court's judgment, decree or order.
 - (iii) A child of the Participant who is dependent upon the Participant for his or her support. "Child" includes a natural child, stepchild, adopted child or child in court-ordered adoptive placement, regardless of age, provided the Participant is legally obligated to support the child.
 - C. Names the Plan and is submitted to the TPA.
 - D. Is actually received by the TPA while the Plan Participant is still living.
 - E. Is on the form approved by the Board for the purpose.
 - F. Was issued by the court having jurisdiction over the property division while the court still had jurisdiction.
 - G. The Order clearly specifies the following:
 - (i) The name, last known mailing address, date of birth, and tax reporting identification numbers of the Participant and each and every Alternate Payee, as well as the relationship of each Alternate Payee to the Participant.
 - (ii) The dollar amount or percentage of the Participant's Plan account to be paid to each Alternate Payee, in the form of the specific award option

available under s. 3 of this Rule. All awards to all Alternate Payees in a Domestic Relations Order must be expressed in the options under s. 3.

- (iii) That the Order is intended to be a permanent, not temporary, division and is issued only after the termination of the marriage is final and either the property division is final and there is no pending appeal which could potentially affect the assignment to the Alternate Payees ordered in the Domestic Relations Order.
 - (iv) That the Order does not require a form of payment or any other benefit to the Alternate Payee that is not otherwise provided under the Plan.
 - (v) That the Order does not require the payment of benefits to an Alternate Payee which are required by a prior Domestic Relations Order to be paid to another Alternate Payee.
 - (vi) That the Order does not apply to any portion of a Participant's Plan account that has already been distributed or paid to the participant, including a distribution in the form of the purchase of an annuity.
3. Division of a Plan account under a Domestic Relations Order is subject to the following requirements and limitations:
- A. There are three different permitted options for dividing a Participant's account. Exactly the same option choice must be applied to each Alternate Payee named in the Domestic Relations Order, although differing percentages or dollar amounts (depending on the option chosen) may be assigned to each. Options 1 and 2 are available only for marriages terminated after May 19, 2011. Option 3 is available only for marriages terminated on or after June 13, 2013.
 - (i) **Option 1.** The Alternate Payee may be awarded a share of the Participant's Deferred Compensation Account determined by dollar value as of the date the marriage is terminated, along with all subsequent gains and losses experienced by the assets awarded to the Alternate Payee to make up the dollar value, beginning on the date the marriage is terminated. The award is limited to a dollar value and may not specify assets to be transferred. This option is available for marriages terminated after May 19, 2011.
 - (ii) **Option 2.** The Alternate Payee may be awarded a percentage of the Participant's Deferred Compensation Account, as of the date the marriage is terminated, along with all subsequent gains and losses experienced by the share of the assets awarded to the Alternate Payee, beginning on the date the marriage is terminated. The award is limited to a percentage and may not specify assets to be transferred. The

percentage may be expressed to a maximum of two decimal places. The aggregate of all percentages awarded to all Alternate Payees by the Domestic Relations Order may not exceed 100%. This option is available for marriages terminated after May 19, 2011.

- (iii) **Option 3.** The Alternate Payee may be awarded a sum certain. This award will not be affected by any market gains and losses that may have occurred before the Domestic Relations Order is processed by the TPA. The award is limited to the stated dollar amount and may not specify assets to be liquidated. The sum certain will be distributed to the Alternate Payee as a lump-sum distribution if an approved Alternate Payee distribution request is received on or before the date the Domestic Relations Order is received by the TPA. Otherwise, when the Domestic Relations Order is processed by the TPA, the sum certain will be deposited into a Deferred Compensation Account established for the Alternate Payee and thereafter will be subject to the investment instructions of the Alternate Payee and to gains and losses. A Domestic Relations Order making an Option 3 award shall be rejected if there are insufficient funds in the Participant's Deferred Compensation account to process the Domestic Relations Order. Option 3 is available only for marriages terminated on or after June 13, 2013.

- B. A Plan Participant's account may be affected only once by a Domestic Relations Order for each terminated marriage to which the Participant is a party. All Alternate Payees awarded an interest in the Participant's Deferred Compensation Account as a result of the termination of the marriage must be named in the same Domestic Relations Order.
 - (i) Except as provided in paragraph c., if the TPA has accepted a Domestic Relations Order as valid under the Plan, then any subsequent Domestic Relations Orders pertaining to the same marriage and purporting to divide the same Deferred Compensation Account shall be rejected.
 - (ii) Remarriage of the parties to a divorce shall not result in voiding the effects of a previous Domestic Relations Order division of the Plan Participant's account between the parties.
 - (iii) If the TPA has accepted and acted upon a Domestic Relations Order based upon a judgment of legal separation, then the subsequent conversion of the judgment of legal separation into a judgment of divorce shall have no effect under this Article.
- C. Notwithstanding paragraph a., in order to enable correction of an error by the court, a Domestic Relations Order may be amended for up to six months after the order is first received and accepted by the TPA, provided that:

- (i) The court terminating the marriage retains jurisdiction.
 - (ii) The amended order must be clearly identified as such.
 - (iii) The amended order must be received by the TPA while the Participant and each affected Alternate Payee is still living.
 - (iv) There have been no intervening withdrawals of assets or other transactions, during the period between receipt of the original and amended Domestic Relations Orders that make the amended division impossible, as determined by the TPA.
 - (v) In recreating the Plan Participant account as if the original division had not occurred, any asset investment made in the interim in an Alternate Payee account created by the Original Domestic Relations Order shall be attributed to the Plan Participant, who shall bear any resulting gains or losses.
 - (vi) The amended assignment must be in the same Option 1, 2 or 3 form as the original. That is, an assignment of a percentage may not be amended into the assignment of a dollar amount, or vice versa. An assignment of a sum certain may not be amended into the award of a dollar or percentage share as of the termination of the marriage.
 - (vii) No Alternate Payee may be added to or deleted from the original Domestic Relations Order by an amended order.
 - (viii) The amended Domestic Relations Order complies in all respects with this Article.
- D. Paragraph c. above shall apply only to amending a Domestic Relations Order, accepted by the TPA. Paragraph c. shall not be construed to prevent a court from issuing a Domestic Relations Order to replace an order rejected by the TPA.
- E. If both parties to the action to terminate a marriage are each a Plan Participant through his or her individual employment, then the Plan Participant account of each may be divided by using two separate Domestic Relations Orders.
- F. Each and every Alternate Payee to whom an assignment of any part of the Plan Participant's account is made in the course of the termination of the particular marriage must be named in the same Domestic Relations Order.
- G. The Participant must be living on the date the Domestic Relations Order is received by the TPA, or the Domestic Relations Order is void.

- H. The TPA shall make all reasonable efforts to restore a Deferred Compensation Account divided in error under a Domestic Relations Order. The TPA shall not be required to attempt to collect distributions made in the good faith belief that the Participant was alive on the date the Domestic Relations Order was received by the TPA.
- I. Upon determining that a Domestic Relations Order is valid, the TPA shall create a separate account for the Alternate Payee and transfer into it from the Plan Participant's account assets sufficient to satisfy the ordered assignment. Each Alternate Payee with a separate MDC account shall be treated as a MDC participant, including the receipt of gains and losses on the account, except that the MDC may restrict the Alternate Payee's access to joint and survivor annuity benefits and no Alternate Payee account may subsequently be divided by a Domestic Relations Order or merged with any other MDC account, and in no event shall payment of benefits of an Alternate Payee Account be made prior to the date on which the Participant is entitled to a distribution pursuant to the terms of the MDC plan document. An Alternate Payee who is the Participant's current or former spouse will be responsible for any taxes due upon distributions made to the Alternate Payee. Except, if the Alternate Payee has filed an approved Alternate Payee distribution request for a lump-sum distribution on or before the date the Domestic Relations Order is received, the in lieu of creating a separate account for the Alternate Payee, the TPA shall make the appropriate lump-sum distribution to the Alternate Payee.
 - (i) If the assignment to the Alternate Payee is of a specific dollar amount (Note: this refers to Option 1 and 3 in section 3 above):
 - (A) The TPA shall transfer assets into the Alternate Payee account having the stated dollar value, determined according to the daily valuation of the Participant's account as of the close of business on the date the marriage was terminated. The stated dollar value shall first be adjusted by the interest and investment gains and losses attributable to the Alternate Payee's share since the date the marriage was terminated.
 - (B) The TPA shall transfer any such assets, or liquidate assets and transfer funds, as the TPA deems necessary to satisfy the dollar amount stated in the Domestic Relations Order.
 - (C) If the Alternate Payee's dollar amount exceeds the dollar value of the Participant's account, the Domestic Relations Order shall be rejected.

- (ii) If the assignment to the Alternate Payee is of a percentage of the Plan Participant's account (Note: this refers to Option 2 in section 3 above):
 - (A) The Domestic Relations Order shall be rejected if the aggregate of the percentages assigned to all Alternate Payees exceeds 100%.
 - (B) The TPA shall value the Participant's entire account, determined according to the daily valuation of the Participant's entire account as of the close of business on the date the marriage was terminated, and liquidate or transfer to the Alternate Payee account, insofar as possible, and except as otherwise expressly provided in this subdivision, the same stated percentage of each fund or other investment in the Plan Participant's account, so that the award to the Alternate Payee consists of essentially the same asset mix as the Participant's account. However, the TPA may, in order to achieve the overall percentage award ordered, vary the transfer of portions of particular assets to the extent necessary.
- J. Following a division under a Domestic Relations Order, and establishment of a Deferred Compensation Account for the Alternate Payee, the Alternate Payee shall then be responsible for transferring assets to achieve whatever investment goals or diversification the Alternate Payee desires.
- K. Prior to receiving a total distribution under the Plan of all assigned assets, an Alternate Payee shall have the same rights, benefits and interests in his or her Alternate Payee account as a former employee, no longer employed by an employer participating in the Plan, has in his or her Plan Participant account, including but not limited to the right to designate a Beneficiary for death benefit purposes and the right to direct Plan investments to the extent permitted under the Plan and generally being treated as a Participant. Except, however:
 - (i) Benefits will be payable to the Alternate Payee in any form or permissible option available to Participants under the terms of the Plan.
 - (ii) An Alternate Payee account created in response to a Domestic Relations Order may not be merged or otherwise joined with any other Plan account held by the individual.
 - (iii) An Alternate Payee account is not subject to division by a Domestic Relations Order.
- L. Unless an Internal Revenue Service or Wisconsin Department of Revenue levy or attachment exceeds the remainder or jointly names an Alternate

Payee, to whom the levy or attachment shall then also apply, any levy or attachment against the Participant's account shall continue to apply only to the remainder of the Participant's account.

4. The TPA shall make no distributions from a Participant's account while it determines the validity of or processes a Domestic Relations Order.
5. The TPA shall establish a separate account for the Alternate Payee and transfer the assigned value or benefit from the Participant's account into the Alternate Payee's account.
6. The Alternate Payee shall be treated as a Participant who is no longer employed by a participating employer, except as otherwise provided in this Rule.
 - A. Distributions made to an Alternate Payee are reported as taxable income to the Alternate Payee. State taxes, if applicable, and federal taxes will be withheld from any distribution on the Alternate Payee's account based upon the tax withholding elections of the Alternate Payee.
 - B. The Alternate Payee may not make any contributions to his or her account.
 - C. The Alternate Payee is permitted to designate beneficiaries for the account and to exercise exchanges among the investment options as permitted by the Plan.
 - D. Unless otherwise provided in this Rule, all other Plan rules and procedures applicable to a Participant shall be applicable to the Alternate Payee's account.
7. **Federal Tax Treatment of Distributions.** If the Alternate Payee is the Participant's spouse or former spouse, the Alternate Payee is the distributee for federal tax purposes. Internal Revenue Code §402(e)(1)(A). If the Alternate Payee is any other person, the Participant is the distributee for tax purposes.
8. **Responsibility for Errors.**
 - A. In the event that the TPA pays to the Participant any benefits that are assigned to the Alternate Payee pursuant to the terms of a Domestic Relations Order, the Participant shall immediately, within ten days, report the error to the TPA and is personally liable for reimbursement to the Alternate Payee.
 - B. In the event that the TPA pays to the Alternate Payee any benefits that were not assigned to the Alternate Payee pursuant to the terms of a Domestic Relations Order, and instead remained the property of the Participant, the Alternate Payee shall immediately, within ten days, report the error to the TPA and is personally liable for reimbursement to the Participant.

- C. The TPA may be held liable to the Plan, the Board or the City for any damages resulting from a division performed contrary to the terms and conditions of the Plan contrary to the terms and conditions of a Domestic Relations Order or under an order which did not qualify as a Domestic Relations Order.
9. **Responsibility for Participant Transactions Made Before Implementation of the Domestic Relations Order.** The Participant is solely responsible for any and all trades or transactions made by the Participant after the date a marriage is terminated and before a Domestic Relations Order is implemented by the TPA and the Participant is notified that the division is completed. Such trades and transactions involving funds or assets in the Participant's account as of the date that the marriage was terminated may affect the interests of the Alternate Payee. Such trades and transactions will be treated for Plan purposes as part of the gains and losses experienced by the Participant's account since the marriage was terminated. This provision shall not be construed to interfere with any right of the Alternate Payee to seek redress directly against the Participant for wastage or any other damages suffered.

X. UNFORESEEABLE EMERGENCY HARDSHIP WITHDRAWALS

- 1. **Unforeseeable Emergency Hardship Withdrawals Permitted.** Plan members may apply for an unforeseeable emergency hardship withdrawal ("hardship") pursuant to the applicable provisions of the Internal Revenue Code, as amended, and the Plan Master Agreement, as amended.
- 2. **Communications.**
 - A. Once a potential applicant notifies the Plan or its agent of her intent to apply for a hardship withdrawal, the Third Party Administrator (TPA) shall then serve as the sole contact with applicant throughout the application and appeal process. All potential applicants shall be immediately referred to the TPA.
 - B. For any notice required under this Section, notification shall be in writing and may be transmitted by electronic mail or regular U.S. Mail. The recipient shall be deemed "notified" as of the date that the electronic mail is sent or on the date the notice is placed in U.S. Mail.
- 3. **Application.**
 - A. Plan members who wish to request a hardship withdrawal shall submit an application to the TPA using an application form designated by the Board.

[the form needs to have ** indicating required information/documents – see point D below]

- B. Hardship withdrawal applicants must also submit the required documentation with their application form to the TPA, as well as any other documentation the applicant believes is relevant.
- C. The applicant is solely responsible for updating, amending, or supplementing this documentation throughout the hardship application process.
- D. **If an applicant fails to include the required documentation or fails to completely fill out the application form:**
 - 1. The TPA shall notify the applicant within two business days that the application is incomplete. Such notification shall specify, at a minimum, (i) what required elements are missing from the application and (ii) that the appellant has ten business days to supply the missing information or documents.
 - 2. After those ten business days have passed, the TPA will consider the application whether it is complete or incomplete.
- E. Oral hardship requests or requests submitted without the designated form shall be deemed invalid and shall require no action by the Plan or its TPA.

4. **Initial Determination.**

- A. Hardship Guidelines. The Board shall provide the TPA with a set of guidelines (“Hardship Guidelines”) based upon applicable provisions of the Internal Revenue Code, as amended, the Master Agreement, as amended, guidance of the City Attorney, or other legal guidance the Board deems relevant. These Hardship Guidelines shall be available on the Plan’s website.
- B. The TPA shall make its initial determination (“Initial Determination”) to grant or deny a hardship application based exclusively upon the Hardship Guidelines, the information presented on the application, and the supporting documents submitted with the application. In making its Initial Determination, the TPA shall not entertain any other documents, information, testimony, or other information.
- C. The TPA shall notify a hardship applicant of its Initial Determination to grant or deny the hardship no later than ten business days after receipt of an

application. The Initial Determination notice shall list the grounds for grant or denial.

5. **Appeal of Denial.**

A. Appeal of Denial Permitted. If a hardship request is denied, the applicant may elect to appeal that determination.

1. To appeal a denial of a hardship by the TPA, an applicant shall submit an appeal to the TPA using the form designated by the Board **within 60 days after the applicant received notification of the denial.** [the form needs to have ** to indicate required information/documents]
2. Applicants appealing a hardship denial must also submit the required documentation with their appeal form to the TPA, as well as any other documentation the applicant believes is relevant, **within 60 days after the applicant received notification of the denial.** The appeal form and this documentation shall be termed the “Appeal Packet.”
3. The applicant is solely responsible for submitting amendments or supplemental information or documents throughout the appeal process.
4. Within two business days of receiving a complete or incomplete Appeal Packet, the TPA shall transmit copies of the Packet and the Initial Determination, as well as any other information the TPA deems relevant (collectively, “Appeal File”), to the Executive Director and the Plan’s Program Assistant via electronic mail. An Appeal File shall be deemed “transmitted” on the day the electronic mail is sent to the Executive Director and/or Plan’s Program Assistant.
5. If the TPA receives amendments or supplemental information or documents from the appellant at any time after the Appeal File has been transmitted to the Executive Director and the Plan’s Program Assistant, but before the Appeal Hearing (see paragraph VIII.5.B.1. below), the TPA shall transmit that supplemental information and/or documents to the Executive Director and the Plan’s Program Assistant via electronic mail no later than two business days after receipt. Such supplemental information and/or documents shall become part of the Appeal File. No amendments or supplemental information or documents may be considered after the Appeal Hearing.

B. Appeal Hearing.

1. **Timing.** The Executive Director shall schedule the Appeal Hearing. A final determination to grant or deny the hardship (“Final Determination”) shall be made during the deliberations of the Hearing Panel immediately following the Appeal Hearing (see below) and no more than ten business days after the Executive Director receives the Appeal File from the TPA. The Executive Director shall notify the appellant of the date of the Appeal Hearing as soon as possible, but no later than three business days before the Appeal Hearing.
2. **Hardship Appeal Committee and Hearing Panel.**
 - A. Each year, a five-member Hardship Appeal Committee shall be elected from Board members by a simply majority of the Board. The election shall be held annually at the first Board meeting of each calendar year. The members of the Appeal Committee may be proposed and elected by slate or individually, at the Board’s preference.
 - B. After the TPA transmits the Appeal File to the Executive Director, the Executive Director shall randomly select three individuals from the Hardship Appeal Committee to preside over the Appeal Hearing (“Hearing Panel”) and to make a Final Determination. If one or more Committee members randomly selected to be part of the Hearing Panel is unable to hear the appeal, the Executive Director shall randomly select from the remaining Committee members. The Executive Director shall coordinate among Committee members as necessary to schedule an Appeal Hearing within ten business days of receipt of the Appeal Packet from the TPA.
 - C. A Hearing Panel must have exactly three members.
 - D. A Final Determination requires the votes of a simple majority of the Hearing Panel (i.e., at least two votes to one vote in favor of granting or denying the hardship).
3. **Appeal Guidelines.** The Board shall specify guidelines to assist the Hearing Panel in rendering the Final Determination (“Appeal Guidelines”) based upon applicable provisions of the Internal Revenue Code, as amended, the Master Agreement, as amended, guidance of the City Attorney, or other legal guidance the Board deems relevant. These Appeal Guidelines shall be available on the Plan’s website.

4. Appellant May Appear, Give Testimony, and/or be Represented by an Attorney Licensed in Wisconsin.

- A. An appellant may, but is not required, to appear in person at the Appeal Hearing. An appellant who appears at the Appeal Hearing may (but is not required to) provide oral testimony and/or argument. Any oral testimony, argument, or other statement by the appellant shall be reasonable in length; the Hearing Panel shall conclude any such oral testimony, argument, or other statement at any time in its sole discretion.
- B. An attorney licensed in Wisconsin may appear on behalf of an appellant. Such an attorney may submit a brief oral argument on behalf of the appellant. Any oral argument by an attorney licensed in Wisconsin shall be reasonable in length; the Hearing Panel shall conclude any such oral argument at any time in its sole discretion.
- C. No other persons may appear or give oral testimony, argument, or statements on behalf of the appellant.

5. Evidence.

- A. The Hearing Panel may, in its sole discretion, consider or exclude from its consideration documentary evidence submitted during or immediately preceding the Appeal Hearing.
- B. The Hearing Panel may request oral testimony from any individual in its sole discretion.
- C. The Hearing Panel may make determinations as to the credibility of testimony, arguments, or other statements, as well as the credibility and authenticity of documentary evidence.
- D. The Hearing Panel will weigh and balance the evidence, testimony, legal standards, and any relevant other information to reach a Final Determination.
- E. To make a Final Determination, the Hearing Panel may consider only the following:
 - i. the Appeal File;

- ii. oral testimony, argument, and/or other statements presented by the appellant during the Appeal Hearing;
- iii. oral arguments made by a Wisconsin-licensed attorney on behalf of the appellant during the Appeal Hearing;
- iv. other oral testimony and/or other oral statements provided during the Appeal Hearing that the Hearing Panel deems relevant;
- v. the Hardship Guidelines;
- vi. the Appeal Guidelines;
- vii. the Final Determination Form (see below);
- viii. applicable provisions of the Internal Revenue Code, as amended;
- ix. applicable provisions of the Master Agreement, as amended;
- x. guidance of the City Attorney; and
- xi. other legal guidance the Hearing Panel may deem relevant in its sole discretion.

6. **Duration.** The Appeal Hearing shall not last longer than sixty (60) minutes.

C. Hearing Panel's Deliberations. At the conclusion of the Appeal Hearing, the Hearing Panel shall sequester itself to deliberate until a Final Determination is made. Neither the appellant, nor her Wisconsin-licensed attorney may be present during the Panel's deliberations. The Panel may request that any other individual(s) be present and/or provide guidance during its deliberation, as limited by paragraph VIII.5.B.5. above.

As soon as the Panel reaches a Final Determination, it shall notify the appellant, the Executive Director, and the Plan's Program Assistant of its decision as soon as possible and, if practicable, shall immediately orally inform the appellant of its Final Determination.

D. Finality. There is no appeal from a Final Determination.

E. Documentation.

1. **Final Determination Form.** The Board shall specify a form to guide the Hearing Panel in documenting the Final Determination and the factual

basis therefor (“Final Determination Form”) based upon applicable provisions of the Internal Revenue Code, as amended, the Master Agreement, as amended, guidance of the City Attorney, or other legal guidance the Board deems relevant. This Final Determination Form shall be available on the Plan’s website. Once a Final Determination is reached during deliberations, the Hearing Panel shall immediately complete the Final Determination Form.

2. Audio or Visual Recordings. All Appeal Hearings shall be audio and/or video recorded. The deliberations of the Hearing Panel shall not be recorded. The Hearing Panel may elect to make an audio or video recording of a summary of its rationale for the Final Determination.

6. Records.

A. **Retention.** Hardship application forms, appeal forms, Appeal Packets, Appeal Files, Final Determination Forms, the appeal recordings, and other related documents shall be retained according to applicable record retention laws, regulations, and policies.

B. **Confidentiality.** Hardship application forms, appeal forms, Appeal Packets, Appeal Files, Final Determination Forms, the appeal recordings, and other related documents may contain highly sensitive information related to the private financial matters of participants and shall therefore be treated as confidential. However, the Plan may be compelled to disclose these records by the Internal Revenue Service (i.e., during an audit process) or by order of a court of competent jurisdiction. Summaries of these records that do not identify applicants by name or other information may be disclosed at the Board’s or Executive Director’s discretion. All reasonable efforts will be made to maintain participant confidentiality subject to applicable laws.

7. Disbursement of Funds Upon Approval of Hardship.

A. Upon approval of a hardship request, whether by Initial Determination or Final Determination, the TPA shall distribute the requested funds to the applicant within five business days of the TPA’s notification of the approval.

B. The TPA has authority to execute checks and/or to complete electronic fund transfers for approved hardships.

XI. LOANS

8. **Loan Program.** Plan members may apply for and receive a loan from their Plan account. If approved, loan moneys are disbursed from across all participant investment accounts and/or funds on a pro-rata basis. All fees are disbursed to Nationwide Retirement Services and/or the Plan from across all participant investment accounts and/or funds on a pro-rata basis. The maximum total loan amount must be no more than the lesser of (a) 50 percent (50%) of your total account balance (Roth and Pre-Tax) reduced by any outstanding loans or (b) \$50,000 or the Pre-Tax total whichever is less, reduced by the highest outstanding balance of all loans during the 12 month period preceding the date of the loan. All monies should come from the Pre-Tax Source. In addition, no loan may be less than \$1,000 at initiation of such loan.
9. **Operation of the Loan Program.** The operation of the Loan Program shall be governed by applicable provisions of the Internal Revenue Code, as amended; the Master Agreement, as amended; and any agreements between or among a participant, the Plan, and Nationwide Retirement Services, as approved by the Board. All Agreements relevant to the Loan Program shall be available on the Plan's website.
10. **Term Sheet.** The Board and Nationwide Retirement Services shall prepare and the Board shall adopt a "Term Sheet" which includes a plain-language explanation of important terms of a participant's loan, including potential events that can trigger adverse tax consequences and all applicable fees. The Term Sheet shall be available on the Plan's website.
11. **Specification of Certain Terms Required.** The Loan Program shall operate according to and its related operational documents shall include the following terms (or substantively equivalent language):
 - A. If a participant fails to make a payment within 90 days after a payment is due, the loan shall default.
 - B. If the purpose of loan is to purchase a primary residence, the maximum term for repayment is fifteen (15) years. Loans for any other purpose shall have a maximum repayment term of five (5) years. These repayment terms are deemed reasonable.

Adopted	08-11-81			
Amended	01-12-82	05-19-93	05-02-96	05-25-00
	10-13-87	08-19-93	08-01-96	08-03-00
	05-18-89	11-18-93	11-21-96	11-15-01
	04-18-91	02-03-94	11-20-97	03-14-02
	11-07-91	05-05-94	02-05-98	02-07-03
	02-04-93	11-17-94	08-06-98	08-05-04
11-10-05	IV. ENROLLMENT AND CUSTOMER SERVICE, Item 5, Separation of Service Payouts			
11-16-06	IV. ENROLLMENT AND CUSTOMER SERVICE, Item 1, Self Directed Brokerage Option			
08-02-07	VI. PLAN ADMINISTRATION FEES, Item 4, Public Safety health care provider premiums			
10-16-08	II. EXECUTIVE FINANCE COMMITTEE, Item 4, the Income Account			
02-05-10	VI. PLAN ADMINISTRATION FEES, Item 3, one-time event allocation approved by the Board			
11-17-11	V. DISBURSEMENTS, Item 1, automated model portfolios and hierarchy of withdrawals			
11-17-11	V. DISBURSEMENTS, Item 2, periodic payment interest assumption revised to 4%			
11-17-11	added - VII. DOMESTIC RELATIONS ORDER ACCOUNT DIVISIONS			
08-07-12	I. GENERAL, Item 2, composition of the Board amended to 11 members			
08-07-12	II. EXECUTIVE FINANCE COMMITTEE, Item 1, composition remove "Non-Management"			
02-12-13	Inclusion of Mission Statement; I. GENERAL, addition of Item 16 requiring continuing education;			
	II. EXECUTIVE FINANCE COMMITTEE, Item 4, include Board delegation to the EFC.			
11-7-13	added – VIII. UNFORESEEABLE EMERGENCY HARDSHIP WITHDRAWALS and			
	XI. LOANS			
11-19-14	II. EXECUTIVE FINANCE COMMITTEE, Item 1, Composition; Item 2, Elections			
	III. COMMUNICATION AND EDUCATION COMMITTEE (CEC)			
	IV. PERSONNEL COMMITTEE (PC)			
02-03-15	XI. LOANS Item 8, Loan Program – additional language "The maximum total loan amount...."			
02-19-15	VI. ENROLLMENT AND CUSTOMER SERVICE, addition of Item 10 "first point of contact"			